

# Brief Summary of LD 2075, An Act to Create the Taxpayer Bill of Rights (Initiated Bill)<sup>1</sup>

## BRIEF SUMMARY<sup>2</sup>

Issue	LD 2075
<b>Spending limitations</b>	<p><b>State:</b> Limits growth in spending (with certain exceptions) to inflation plus population growth for</p> <ul style="list-style-type: none"> <li>• General Fund</li> <li>• Highway Fund</li> <li>• Quasi-governmental agencies (included in State financial statements)</li> <li>• Other Special Revenue Funds</li> </ul> <p>Limit may be exceeded by 2/3 vote of each House of Legislature and approval of voters</p> <p><b>Local Districts (counties, municipalities, any other substate governmental entity with authority to collect revenue):</b></p> <ul style="list-style-type: none"> <li>• School administrative unit: Limits growth (with certain exceptions) to inflation plus student enrollment</li> <li>• Other local districts: Limits growth (with certain exceptions) to the lower of 1) inflation plus population growth or 2) the increase in assessed taxable property value</li> </ul> <p>Limit may be exceeded by 2/3 vote of legislative body and approval of voters if the local district has a body of voters</p>
<b>Revenue increase:</b>	<p>The following methods of approval are required for any “increase in revenue” (legislation, ordinance or tax levy that results in new or increased tax or fee; revenue base expansion; repeal or reduction of tax exemption, credit or refund; reduction in BETR without full property tax exemption; or extension of expiring tax or fee)</p> <p><b>State:</b> 2/3 vote of each House of the Legislature Plus Approval of majority of voters</p> <p><b>Local district:</b> 2/3 vote of legislative body Plus Approval of majority of voters</p> <p><b>Emergency revenue:</b> A legislative body or the Legislature may by 2/3 vote determine an emergency and make a revenue increase effective before voter approval for a limited time period; however, voter approval must be sought and if refused, the emergency tax expires 30 days following the election. The revenue may only be spend for the emergency.</p>

<sup>1</sup> LD 2075 was drafted and the legislation approved for circulation before the enactment of LD 1 spending limitations in January 2005 and other changes in budget procedures. Many sections of law addressed in LD 2075 have, in the intervening time period since the legislation was originally drafted, been amended or repealed. Many sections of LD 2075 would be in conflict with existing procedures and requirements adopted in LD 1.

<sup>2</sup> A more detailed summary is available from the Office of Fiscal and Program Review.

<b>Budget process:</b>	<p><b>State:</b></p> <p><b>General Fund:</b> Year-end unappropriated surplus is transferred as follows:</p> <ul style="list-style-type: none"> <li>• 20% to Maine Budget Stabilization Fund (for use in years when revenues are below spending limit)</li> <li>• 80% to Tax Reserve Relief Fund for return to taxpayers</li> </ul> <p><b>Highway Fund:</b> Year-end unallocated surplus is transferred as follows:</p> <ul style="list-style-type: none"> <li>• 20% to Maine Highway Budget Stabilization Fund (for use in years when revenues are below spending limit)</li> <li>• 80% to Highway Fund Reserve Fund to fund one-year reduction in motor fuels tax</li> </ul> <p><b>Quasi-governmental agencies and Other Special Revenue Funds:</b> Must report annually to the Legislature proposing a plan for refunding revenues that exceed 10% of the previous year's expenditure</p> <p><b>Local districts:</b> Must use revenues that exceed 10% of previous year's expenditure to reduce the property tax assessed in the succeeding year.</p>
<b>Application:</b>	The measure applies to the first fiscal year that begins after the effective date of the measure. The measure is effective 30 days after the Governor proclaims the result of the election. If the measure entails expenditure in an amount in excess of available and unappropriated state funds it remains inoperative until 45 days after the Legislature next convenes in regular session.
<b>Interpretation:</b>	<p>Intent is expressed to supersede any conflicting provisions of statute or private and special law.</p> <p>Intent is expressed that the spending and revenue limitations be interpreted liberally to restrain "... excess growth of state and local government."</p>

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